



AFSA ENDOWMENT FUND

Information Statement

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endowment fund

Anglican Funds South Australia

Anglican Funds South Australia is an activity of the Synod of the Diocese of the Anglican Church of Adelaide Incorporated ABN 63 198 215 958.

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Important Information

The AFSA Endowment Fund is a charitable scheme under a Class Order issued by the Australian Securities and Investments Commission (ASIC) (Class Order 02/184). The Class Order provides an exemption from various fundraising, managed investment and licensing provisions of the Corporations Act 2001 (the Act) for religious, educational, community and other charitable organisations.

The AFSA Endowment Fund is not subject to the normal requirement to have a Disclosure Document or Product Disclosure Statement and be registered or have a trust deed under the Act. Although Identification Statements for the AFSA Endowment Fund have been lodged with and registered by ASIC, neither the AFSA Endowment Fund, the Identification Statement nor any Offer Documents have been examined or approved by ASIC.

The Information Statement is not a Product Disclosure Statement governed by the Act. However, the content has been prepared having regard to the content requirements for a Product Disclosure Statement under the Act. Neither Anglican Funds South Australia nor the AFSA Endowment Fund are prudentially supervised by APRA. Contributions to the AFSA Endowment Fund do not obtain the benefit of the depositor protection provisions of the Banking Act 1959.

By issuing interests in its managed investment scheme, the AFSA Endowment Fund, the Synod promotes the charitable purposes of the Anglican Church in the Diocese of Adelaide by providing an income stream directly to missional activities, while providing governance and stewardship of church capital.

*Helping support the mission, education, and charitable works of the
South Australian Anglican community*

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The AFSA Endowment Fund

About Us

Anglican Funds South Australia (AFSA) is a profit for purpose Anglican organisation, dedicated to the benefit of the Anglican Community. Our investors are secure in the knowledge that their funds are only invested in ethical ventures, and that AFSA is managed in the spirit of industry best practice. Currently AFSA manages and administers over \$120m on behalf of investors.

Financial surpluses generated by AFSA that are not required for its future growth or capital needs are distributed in support of the mission, education, and charitable works of the South Australian Anglican community.

Our customer service team in Adelaide are directly accessible to our investors, share your Christian values, and have all had significant professional experience in the funds management and banking industries.

Fund Overview

AFSA's Endowment Fund is a medium risk fund, which suits the long-term investment needs of organisations affiliated with the Anglican Church who wish to:

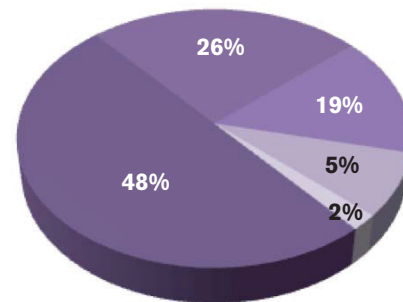
- Receive a regular income
- Preserve the real value of their capital
- Invest ethically

Managed in the Yale Endowment style, the fund aims, over the longer term, to produce income of 5.0% pa, paid semi-annually, and over a rolling five-year timeframe, produce a combined return of income and capital growth, after fees, of 5.0% pa above CPI.

Investments in the AFSA Endowment Fund are not guaranteed, and their value will rise and fall with the value of the underlying assets that the Fund invests in.

At 30 June 2018 the fund held assets of \$80m.

Asset Mix as at 30 June 2018



■ Australian Shares ■ Australian Fixed Interest ■ International Shares
■ Property & Infrastructure ■ Cash

Performance History

Annual Fund Returns to 30/06/2018 (in % pa):

	1 Yr	3Yrs	5 Yrs	10 Yrs
Total Return				
Actual	7.7%	5.3%	7.5%	6.9%
Target	7.1%	6.7%	6.9%	7.1%
Excess	0.6%	-1.4%	0.6%	-0.2%
Income				
Actual	5.2%	5.2%	5.3%	6.1%
Target	5.0%	5.0%	5.0%	5.0%
Excess	0.2%	0.2%	0.3%	1.1%

Notes:

1. All returns are % per annum
2. Calculation of Total Return and Income assumes that distributions are reinvested. All returns are after fees have been deducted. Past performance is not a guarantee of future performance.

The total return target is CPI + 5% pa.

Key Features at a Glance

Minimum Initial Investment	Start from as little at \$1,000
Additional Investments	There is no minimum amount
Income Distributions	Income is paid semi-annually, at the end of each February and August. Distributions can either be paid to an account held at AFSA or any other Financial Institution, or be recapitalised into the investment account
Customer Communication	Semi-Annual Investor Statements issued
Distribution Methodology	Yale Endowment Style
Pricing	At each month end
Unit Allocation	First day of each month
Redemptions	Paid within 5 business days of the end of month of receipt
Transaction Fees	Nil
Management Fee	1% pa charged at the fund level before returns are calculated, with fee rebates for larger balances (see page 9)
Investment Term	While there is no investment term, it is suggested that this fund is suitable for investors with a time horizon of more than five years
Risk Type	Medium – The AFSA Endowment Fund is a Balanced Growth Fund
Investment Style	Multi-manager, rebalanced quarterly, and reviewed annually by an independent asset manager. The fund invests predominantly in a diversified range of growth assets.

Investing in the AFSA Endowment Fund

Who Can Invest?

Investment in the AFSA Endowment Fund is only open to Anglican Entities. **Investment is not available to individuals.**

Applications to Invest

Investment in the AFSA Endowment Fund can only be made on the AFSA Endowment Fund *Application Form*.

If the applicant is an Anglican Parish of the Diocese of Adelaide, additional information in relation to the source of the funds, and any special conditions or restrictions on capital redemptions must also be supplied.

The funds to be invested must be transferred into the AFSA Nominated Monthly Income Account, and be available as cleared funds by the unit allocation date in order to be fully invested.

Investments can only be made by a negotiable instrument such as a cheque or funds transfer. Cash investments are not accepted.

Allocation of Units

Units in the AFSA Endowment Fund are allocated effective on the first day of the month following receipt of the cleared funds, at the unit price struck at the preceding month end.

Funds received prior to unit allocation, are held in a nominated Monthly Income Account.

On the date of allocation, the amount of funds received are divided by the declared unit price in order to determine the number of units to be allocated to your Endowment Fund investment account.

Where the calculation of the number of units results in a fraction of units, the number of units issued is rounded to the nearest fourth decimal place.

These units are subject to the market valuation of the investment portfolio owned by the fund including any undistributed income the fund is holding.

The allocation of a unit in the AFSA Endowment Fund does not provide the unit holder any direct ownership or interest in any of the individual underlying assets of the fund.

Worked Example:

An application is received on the 2nd of May, along with a cheque for an amount of \$100,000. The following occurs:

1. Cheque is deposited in a Nominated Monthly Income Account.
2. On the 1st of June:
 - The unit price for the AFSA Endowment Fund is declared (eg \$1.25c/unit).
 - An amount of \$100,000 is invested in the Endowment Fund.
 - The investor receives an allocation of 80,000 units in the AFSA Endowment Fund, (ie $\$100,000 \div \1.25).

Redemptions

Withdrawals are made in writing on the AFSA Endowment Fund Redemption Form and must be signed by the account's authorised signatories. Anglican Parishes of the Diocese of Adelaide who hold restricted investments within the AFSA Endowment Fund must also supply information showing that the redemption is allowed within the terms of the restriction placed on the Endowment Account.

There are no entry or exit fees for the fund.

Normally a request for withdrawal from the fund will be processed and paid within five business days of the month end after a valid and approved written notice has been received by the Manager of the Fund (unless otherwise negotiated with the Manager).

Funds redeemed from the AFSA Endowment Fund can be paid directly by funds transfer to any AFSA account, or to any external financial institution.

Worked Example:

Your account has 15,000 units and you supply a valid notice of withdrawal, which is received on 2nd of March for \$10,000 to be transferred to an AFSA Monthly Income Account. The following occurs within the first 5 business days of April:

1. The unit price for the AFSA Endowment Fund is declared (eg \$1.3602).
2. The redemption amount is divided by the declared unit price to determine the number of units to redeem from the investment account.
$$\$10,000 \div \$1.3602 = 7,351.86 \text{ units redeemed.}$$
3. The funds are transferred to the nominated account.
4. The unit balance of your account is adjusted:
$$15,000 - 7,351.86 = 7,648.14 \text{ units.}$$

Determining the Investment Valuation

The investment is valued by multiplying the number of units held in your investment account by the prevailing unit price.

The unit price is calculated to reflect the market valuation of the underlying investment assets held by the AFSA Endowment Fund, including any undistributed income, in proportion to the total number of units on issue to the fund's investors.

The value of the investment will therefore rise and fall in relation to the rise and fall of the Fund's declared unit price.

As the unit price incorporates any undistributed income, investors who redeem their investments

will also receive their share of any undistributed surpluses held in the Fund.

Worked Example:

Say that the Fund holds \$10,000 in investment assets and \$1,250 in income held as cash. Investors hold 9,500 units in the Fund, of which you hold 500 units in your investment:

1. The total value of the Fund is:
$$\$10,000 + \$1,250 = \$11,250.$$
2. Dividing this value by the total units on issue gives the unit price that AFSA issues at the end of the month:
$$\$11,250 \div 9,500 = \$1.1842.$$
3. Multiplying the declared unit price by your individual until holding gives your investment value:
$$\$1.1842 \times 500 = \$592.10.$$

Return on Investment

The return on an investment in the Fund is derived in two ways – through capital growth given through movements in a unit price, and through income distributions.

Capital Growth

The Fund invests in tradable assets such as Australian and International Shares, Australian Fixed Interest Securities, Property and Infrastructure, and cash. The Fund makes notional capital gains and losses whenever the values of these assets rise and fall, and actual capital gains and losses whenever these assets are traded in the market.

Many assets held in the Fund also pay income, either through dividends or interest payments. The value of this income is included in the capital value of the Fund.

The assets of the Fund, including any income held, are revalued monthly, and a unit price is calculated. The unit price is issued as soon as practicable after the first business day of the month.

Investors receive capital growth in the underlying assets of the Fund through the movement in the

unit price. Therefore, even though the value of your investment may increase or decrease as the market value of the Fund's assets changes, the number of units held in your investment account remains constant. The number of units held in your account changes only when you make a withdrawal or an additional investment, in which case units are sold from or allocated to your investment account at the prevailing unit price in order to satisfy the request.

Income Distributions

The Fund declares semi-annual distributions on a cents per unit basis, declared on 30 June and 31 December each year and paid on 31 August and 28 February respectively. The declared distributions are announced on the relevant semi-annual statement, preceding payment.

The rate of distribution is set at an amount guided by the Yale-style endowment formula, employed since 2009, so that the Fund meets its investment objectives of providing a stable, reliable and growing income stream while maintaining the real value of the capital invested, in perpetuity.

Investors can elect to either reinvest their distribution, or receive it as a payment made into their nominated AFSA Community Fund, or bank account.

Worked Example:

Your account has 15,000 units and you receive a statement for 30 June announcing a distribution of 3.5c per unit:

1. Your distribution will be:
 $15,000 \text{ units} \times 3.5\text{c} = \525.00
2. On the date of the distribution (in the case of this example, 31 August), \$525.00 is paid to you or reinvested into your Endowment Fund as per your instructions.

Statements and Reporting

Statements are issued semi-annually for the six-month periods to June 30 and December 31. The AFSA Endowment Fund aims to post these statements to investors as soon as possible after the unit price for that month is issued.

Unit prices for the Fund are calculated monthly, and upon request a monthly statement can be provided.

Management Fees

Management fees are paid at the fund level before returns are calculated. They are determined on the following basis:

Fund Balance	Fee (% pa)
\$0-\$5m	1%
Each dollar above \$5m	0.75%
Each dollar above \$10m	0.60%
Balances over \$15m	By negotiation

Fee discounts are effected by way of a monthly rebate to the investment account.

Fund Governance and Structure

Investment Policy

The Fund has been designed to meet the investment needs of organisations affiliated with the Anglican Church who have a long-term investment perspective.

Over a rolling five-year timeframe, the Fund aims to produce income of 5.0% pa, paid semi-annually, and produce a combined return of income and capital growth, after fees, of 5.0% pa above CPI.

Ethical Investment Policy of the Diocese

No investment should be made in a company that is principally involved in:

1. The manufacture, sales or distribution of armaments.
2. The manufacture, sales or supply of gambling devices.
3. Polluting the atmosphere.
4. Encouraging repressive regimes.
5. Unfairly exploiting employees.
6. Unfairly exploiting disadvantaged people.
7. Selling or supplying tobacco or other products and practices that damage the health of human beings.

Governance Structure

The Investment Committee, which is a sub-committee of the AFSA Board, monitors managers of the AFSA Endowment Fund's investments according to the Investment Policy adopted by the AFSA Board.

Asset Consultants are retained by the Board and advise Management and the Investment Committee on the implementation of the investment strategy of the Fund.

The Investment Committee reviews the Asset Consultant's recommendations and then recommends any changes to the Board for approval on issues such as the portfolio structure, distribution policy, distribution amounts and what the investment strategy of the fund should be.

The AFSA Board meets to review Management's progress, and AFSA's financial condition on a monthly basis.

Additional Information

Authority to Act

Investors must nominate signatories who are authorised to deal with their investment account on behalf of the investor. Any number of signatories may be nominated with a stipulation that either:

- any one to sign;
- any two (or other nominated number) to sign, or
- all must sign.

By investing in the AFSA Endowment Fund and supplying signatory information, you authorise AFSA to act on any valid and duly authorised instruction received in relation to dealing with your investment.

Identification of Investors and Signatories

The *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (AML Act) requires that we identify all investment holders and signatories to accounts. If you already hold or are a signatory to an investment held at AFSA you may already have provided sufficient identification.

Should you be required to supply identification, the AFSA customer service team will supply you with the relevant forms, and work with you to complete this process.

Privacy Information

Our Privacy Policy governs access to and usage of all information collected by AFSA. Full details of this policy are available on our website.

If you are a signatory to an investment, we collect and use your information to substantiate your identity and enable us to provide and manage that investment. If you are an acceptable certifier we may also use your information to substantiate the signatory's identity. We may also use your information to provide you with details about other products provided by AFSA unless you explicitly instruct us in writing not to do so.

We do not provide your information to any other organisation without your consent, other than as required to those organisations that, in connection to the Fund, provide administrative or other operational services to AFSA, or unless required to do so by law.

Rights Reserved by the AFSA Board

The AFSA Board reserve the right to accept or refuse any application. Funds received with any application not accepted will be refunded as soon as practicable.

The terms and conditions governing investments with the AFSA Endowment Fund may be modified by the provision of one month's written notice to investors.



Community Fund

Term Investments
Monthly Income Account
Online Transactions
Cheque Accounts
Planned Giving
Loans

Endowment Fund

AFSA Endowment Fund

Contact Details

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